

PACIFIC COAST GROUND FISH FISHERY
SABLEFISH PERMIT STACKING PROGRAM
COST RECOVERY

The Magnuson-Stevens Fishery Conservation and Management Act (MSA) requires the National Marine Fisheries Service (NMFS) to collect fees to recover the costs related to the management, data collection, and enforcement directly related to and in support of a limited access privilege program (LAPP) (16 U.S.C. § 1854(d)(2)), also called “cost recovery.” Cost recovery fees recover the actual costs directly related to the management, data collection and analysis, and enforcement of the programs (16 U.S.C. § 1853a(e)); these costs are referred to as incremental costs. The Permit Stacking Program was categorized in the 2006 Reauthorization of the MSA as a LAPP, therefore, cost recovery is required. NMFS is also authorized to charge fees to recover administrative costs associated with permits, including the sablefish-endorsed limited entry permits (see 50 CFR 660.25(f)).

For the last Permit Stacking Program catch share review, NMFS evaluated whether there were incremental costs for the management, data collection and analysis, and enforcement of the Program, separate from the fees recovered through the permit fee ([NMFS Report, June 2015](#)). This review concluded that while some recoverable costs were identified within the West Coast Region, most of the divisions within NMFS that worked on the Program generated no incremental costs at the time. The 2015 review also noted that future Pacific Fishery Management Council (Council) actions could make changes to the Permit Stacking Program that would require significant time in regulatory process and implementation. This, in turn, would generate additional costs that could be recoverable, so it would be important to revisit this decision when and if future Council action seems likely to generate additional recoverable costs.

As captured in [Agenda Item G.2 Attachment 1](#) from the June 2021 Council meeting, since the last program review, the Council has made changes to the Program that have introduced new operating costs for the Program, some of which are likely incremental; therefore, a new review of cost recovery for this fishery is warranted.

In order to facilitate the determination of what the incremental costs of the Permit Stacking Program are, we must first determine what management, data collection and analysis, and enforcement tasks are incremental to the Program. Because of the protracted and phased development of the Permit Stacking Program, and interplay with the Congressional moratorium on new Individual Fishing Quota programs at the time of development, we provide our initial assessment as to which program elements are specifically tied to the Program as a LAPP and therefore would be evaluated for incremental costs. Table 1 provides NMFS’ preliminary determination of some of the core elements of the Permit Stacking Program. There may be additional program elements evaluated in subsequent documents, so this list is considered non-exhaustive at this time.

Table 1. Categorization of Permit Stacking Program Elements

Existing Program Features	Core element of LAPP?
Limited entry permit (LEP) with gear endorsement (Longline or pot)	No - was in place prior to the Permit Stacking Program
LEP sablefish endorsement	No - was in place prior to Permit Stacking Program
Permit tiers	Yes - issuance of tiers created the limited access privilege which is held for exclusive use by a person that made this program a LAPP
Stacking of tier permits	Yes - expanded the ability for holding a greater amount of limited access privilege held for exclusive use by a person
Calculation and publication of tier limits through GF harvest specifications	Yes - implementation step to determine annual individual limited access privilege
Monitoring and enforcement of tier limits (Cumulative limit tracking system)	Yes - tied to establishment of tier limits and allowance of tier stacking
Season extension	Yes - April to October primary season established through Permit Stacking Program, key design element of program
Owner-on-board provisions and temporary exemptions from owner-on-board requirements	Yes - key design element of program
Permit stacking ownership limits and exemptions (ownership information collection required to administer)	Yes - tied directly to need to prevent excessive consolidation in fulfillment of MSA LAPP requirements
Electronic fish tickets	Yes - implementation of electronic fish tickets was tied to last program review and specifically to improvements to inseason catch accounting against the tier limits associated with limited entry fixed gear sablefish permits
Non-sablefish daily trip limit management	No - the LAPP only includes an exclusive access privilege for sablefish
Incidental retention of halibut north of Point Chehalis	No - the LAPP only includes an exclusive access privilege for sablefish, the incidental retention is

	a provision of the halibut catch sharing plan and willingness of Washington to set aside some allocation from Washington recreational fishery
Non-trawl rockfish conservation area management	No - the Permit Stacking Program is held to the same limitations as the non-catch share fixed gear fisheries
Observer coverage	No - the Council did not mandate any specific level of observer coverage as part of Permit Stacking Program
Cost and earnings data collection	No - Council did not mandate cost and earnings data collection as part of Permit Stacking Program, economic data collection is voluntary
Catch Share Program Reviews	Yes - the Permit Stacking Program is categorized as a LAPP, and is subject to mandatory Catch Share Program Reviews

Program features that are categorized as core LAPP elements are reasonably determined to have associated incremental tasks to administer and therefore carry incremental costs that the agency must recover through cost recovery. Incremental costs associated with the above program elements categorized as core LAPP elements would include all management, data collection and analysis, and enforcement tasks. Past costs for years prior to implementation of cost recovery would not be recoverable, in accordance with agency policy. The infrastructure to implement the core elements listed above has been built and was not recovered through cost recovery because no cost recovery program currently exists, therefore we would expect that these core elements would generally only carry routine costs needed to maintain the systems and administer the tasks. Future changes to the Program may create new core elements or may modify existing core elements and as such may carry implementation costs as well as additional ongoing costs.

Conclusion

We have preliminarily determined that there are incremental tasks related to the management, data collection and analysis, and enforcement of the Permit Stacking Program as identified above. There is no discretion built into the MSA LAPP cost recovery requirement in relation to a minimum threshold level of incremental costs of a program. The NMFS West Coast Region, Northwest Fishery Science Center, and Office of Law Enforcement already have systems in place to track incremental costs for the Trawl Rationalization Program. We anticipate the incremental costs for this LAPP would not be substantial and that the time and effort to track and tabulate these incremental costs for this LAPP would be minimal. Additionally, no costs associated with developing a cost recovery program are recoverable. NMFS recommends the Council begin development of a cost recovery program for the Permit Stacking Program.